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MEMORANDUM FOR: Mr. Jack Marsh
Mr. Brent Scowcroft

SUBJECT : Intelligence Organization Options

Don Ogilvie has requested that we give you our reactions to the two new papers he circulated yesterday. I support "Modified Option 4"; our comments below are addressed to its presentation, which does not adequately bring out some of its advantages. On the other hand, I strongly oppose the transfer of CIA's research and development to Defense; we include below an alternative presentation of this issue. Finally, I want again to emphasize my concern that the idea of consolidating all SIGINT in NSA and all clandestine collection in CIA might be lightly adopted. The proposal as it came out in condensed form on Saturday is superficially appealing; in fact the issues are extremely complex and should be studied in detail before any decision is taken. I believe it impractical.

Comments on Modified Option 4

Second paragraph under "Background". This discussion does not quite make clear the distinction between EXCOM(I) and the National Intelligence Board. EXCOM(I) would be a body containing all the managers of intelligence assets, each a Presidential appointee, working together to set policy and allocate resources for national intelligence. The NIB would be a body of intelligence professionals working on substantive matters. There would have to be a close interplay between them, and this is symbolized by the dual role of the DCI.

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Program and Resource Review. EXCOM(I) would review programs and recommend allocation of resources for them, subject to appeal to the NSC proper and ultimately, if necessary, to the President. Agency heads, however, would remain in full administrative control of their agencies. EXCOM(I) would focus on national intelligence needs rather than tactical or departmental, but would provide a forum in which conflicts between national and tactical needs could be resolved. On occasion, by collective judgment of EXCOM, there might indeed be reduced responsiveness to individual departmental needs, and so there should.

Presidential Decision-making. As with all committees, the effectiveness of EXCOM(I) would depend to a considerable extent on the ability of its members to work together. The President would have to make it clear that he expected them to cooperate. The appeal to the President would be the ultimate sanction, one that in fact would be effective only if it were hardly ever employed.

Intelligence Consumers. I agree that NSCIC has not been effective. This proposal, however, places the initiative for eliciting customer feedback in the hands of the officer who needs that feedback most, the DCI. Two of the three major consumers of intelligence are represented. As to Treasury, I would expect the EXCOM to invite Treasury to participate when it considered product evaluation, as it would OMB when it considered budgets. Moreover, there is no reason why there should not be Treasury (and ERDA) representation in appropriate sub-Committees. On the other hand, it would be inappropriate for these agencies, which do not manage intelligence assets, to be members of EXCOM(I).

Role of State. I believe an increased voice for State in this matter would be desirable. It does not have direct responsibility for major programs, but it does have a vital and unique interest in their results and in the manner of their conduct. Moreover, this is not a one-way street. Foreign service reporting is important for political and economic intelligence. Yet under present arrangements the DCI has virtually no

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influence over it. The effect of my proposal is to raise State participation in intelligence management to the Deputy Secretary level, and thus make it possible for this major collection system to be treated as part of the national intelligence structure. Other matters involving State, such as the provision of cover for clandestine collection, could also be managed more effectively through such a mechanism.

Role of Intelligence Analysts. This statement reflects a misunderstanding of the proposal and of the key role of the EXCOM members in linking consumer, collector, and analyst. They would among them control all the collection and production assets. Moreover, the DCI would use the NIB to develop substantive requirements. In EXCOM, it would be his responsibility to "represent" the analysts and argue for their needs. I believe that EXCOM(I) would provide a more orderly and effective method for exerting analyst influence on collectors than the present welter of arrangements. Present working relationships between analysts and collectors, both within and among agencies, would not be affected.

Product quality. As stated above, I believe this proposal would tighten rather than loosen ties between collectors and producers and would increase rather than diminish the consumers' role.

Transfer of Research and Development

In my view, the transfer of CIA R and D programs now jointly pursued with the Department of Defense to single DoD management in the interests of greater efficiency does not appear justified in view of the priority of national intelligence collection. There would be major costs to program management in losing CIA's specific focus on intelligence matters and its peculiar abilities to operate flexibly, with high security, and under unusual circumstances abroad.

I believe the presentation of this issue does not fully reflect the considerations involved. The following paragraphs contain a proposed redraft.

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CIA is currently involved in a broad-gauged research and development program ranging from the support of Agency-peculiar activities to participation in national programs in conjunction with the DoD. Undertakings in the latter category, which is the category of concern, include the National Reconnaissance Program, another sensitive collection and surveillance program, and several Sigint programs. The combined cost of these activities is about [REDACTED]

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The NRP (satellite surveillance) activities are managed through the NRO under the supervision of an Executive Committee consisting of the DCI and a representative of the Secretary of Defense. A comparable arrangement exists to supervise another sensitive reconnaissance program. CIA Sigint R&D and procurement programs are managed unilaterally within the Agency but are subject to coordination of various types with NSA and in some cases to the provision of funding from the Consolidated Cryptologic Program managed by the Director of NSA.

In general, the operational systems produced have been highly successful. CIA participation has contributed technological innovation in such programs as the U-2, several reconnaissance satellite systems, the Glomar Explorer, and covert Sigint collection. These programs have enjoyed a flexibility in management often not available within the DoD and have been able to exploit operational relationships abroad that could have been developed only by the CIA. Most notably, CIA's activities in these areas have frequently allowed a quick response to high priority intelligence requirements which otherwise might not have been available.

The issue is whether to transfer to single DoD management those CIA R&D programs (including system procurement) now jointly pursued with the Department of Defense. More specifically, under this proposal all overhead satellite and other sensitive reconnaissance projects and Sigint development programs

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would be transferred to Defense, although the DCI would continue to serve as chairman of the two existing reconnaissance ExComs.

Implications

Program Management.

1. The centralization of all R&D in the DoD might appear to provide some efficiencies in program management, although they are difficult to identify.
2. The advantages of carefully detailed consolidated development programming, which might appear to be a major benefit from this change, are already obtained through existing mechanisms for program development and review in the reconnaissance areas. CIA Sigint development programs are given fairly complete exposure through close coordination with NSA and the procedures developed by the IR&D Council. Furthermore, the CIA Sigint program is included in the National Sigint Plan.
3. Several sources of bureaucratic friction and unnecessary competition would be eliminated.
4. This reduction in bureaucratic conflict would come, however, at the expense of reducing innovative inputs to these programs and limiting the range of technical alternatives that are explored.
5. The elimination of competition in these programs would tend to relax the review processes preceding the inauguration of major programs.
6. A major tool of the DCI which has been used effectively in the past to spur Intelligence Community response to high priority requirements would be lost.
7. The ability of the intelligence community to respond quickly and flexibly to foreign intelligence collection opportunities and requirements

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would be reduced if the use of the DCI's special statutory authorities were lost and all R&D and procurement were incorporated within the Defense Department system.

8. CIA's ability to assemble program management teams and technical personnel tailored to meet such specific requirements as the contracting of major programs without US Government attribution would be lost under the proposed rearrangement.

Resource Priorities

1. The significance of intelligence-peculiar imperatives for undertaking R&D programs would be reduced if the generation of programs occurred solely within the DoD, which is dominated by far broader concerns. Historically, technical people totally concerned with intelligence matters have been responsible for taking those major initiatives that have revolutionized the intelligence business.

2. Tactical intelligence needs of the Defense Department would be given increased attention under single DoD management, although only at some expense to national priorities.

3. The DCI would lose the source of technical support within the CIA that has enabled him to make informed decisions about major resource questions involving technical collection systems.

4. The relationship of R&D decisions to the most exigent problems of intelligence analysis will be weakened by removing R&D from the CIA.

W. E. Colby
Director

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